



PRESS RELEASE

Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

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IRS – Criminal Investigation

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Owner of Tax Preparation Franchises in Illinois, Kansas and Missouri Convicted of Tax Evasion

Underreported More Than \$1.5 Million in Gross Receipts

A federal jury sitting in St. Louis, Missouri, found the local owner of a tax return preparation businesses guilty of two counts of tax evasion, announced Principal Deputy Assistant Attorney General Caroline D. Ciraolo, head of the Justice Department's Tax Division.

"While Semere Tsehayee was operating tax return preparation franchises in three states, he was generating false financial summaries and filing fraudulent returns to evade paying his own taxes," said Principal Deputy Assistant Attorney General Ciraolo. "No one is above the law, and the department will continue to prosecute those who seek to violate our nation's tax laws."

According to the evidence at trial, Semere Tsehayee, 39, was the owner and operator of at least 20 Instant Tax Service (ITS) franchise locations operating in and around East St. Louis, Illinois; Kansas City, Kansas; and Kansas City and St. Louis, Missouri, from 2005 to 2011. ITS was a brand name of ITS Financial LLC, a nationwide tax preparation business headquartered in Dayton, Ohio. Tsehayee owned and operated his ITS franchise locations using two entities named A&S Tax Service LLC (A&S) and ERI Enterprises LLC (ERI).

The evidence at trial showed that during the years 2010 and 2011, Tsehayee generated fraudulent financial summaries that understated the gross receipts generated by A&S and ERI and provided them to his tax return preparer. The evidence also showed Tsehayee's tax return preparer used these financial summaries to prepare Tsehayee's individual income tax returns, which Tsehayee then filed with the Internal Revenue Service (IRS). These tax returns were false in that they underreported A&S and ERI's gross receipts by a total of approximately \$547,000 in 2010 and \$1.03 million in 2011, causing a tax loss of more than \$580,000.

"Mr. Tsehayee's attempt to evade his taxes by creating false financial summaries to conceal over \$1.5 million of income and by filing false tax returns is a theft from the American public," said Special Agent in Charge Karl Stiften of IRS-Criminal Investigation. "We all pay when others swindle the government."

In 2013, a Kansas City, Kansas federal court permanently **barred** A&S from further operating or preparing federal tax returns. Tsehayee was also permanently enjoined from engaging in certain abusive practices as well as preparing tax returns for any person other than himself beyond a 50 mile radius from his permanent residence.

Sentencing is scheduled for Jan. 4, 2017. Tsehaye faces a statutory maximum sentence of five years in prison for each count of tax evasion, as well as a period of supervised release and monetary penalties.

Principal Deputy Assistant Attorney General Ciraolo commended special agents of IRS-Criminal Investigation, who conducted the investigation, and Senior Litigation Counsel Corey Smith and Trial Attorney Mark McDonald of the Tax Division, who are prosecuting the case. Principal Deputy Assistant Attorney General Ciraolo also thanked the U.S. Attorney's Office for the Eastern District of Missouri for their assistance.

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